



OFFICE OF THE ADVISORY COMMITTEE ON BUSINESS APPOINTMENTS

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1. You sought the Committee's advice on taking up a commission under your independent consultancy, Matrix Partners Ltd.

The Committee's role and remit

2. As you will be aware, it is the Committee's role to advise on the conditions that should apply to appointments or employment under the Government's Business Appointments Rules for Former Ministers (the Rules), which apply to former Ministers for two years after they leave office. The Rules seek to counter suspicion that:

- a) the decisions and statements of a serving Minister might be influenced by the hope or expectation of future employment with a particular firm or organisation; or
- b) an employer could make improper use of official information to which a former Minister has had access; or
- c) there may be cause for concern about the appointment in some other particular respect.

3. When the Committee considers applications, it must have in mind that Government has judged that it is in the public interest that former Ministers with experience in Government should be able to move into business or into other areas of public life, and to be able to start a new career or resume a former one. It is equally important that when a former Minister takes up a particular appointment or employment, there should be no cause for any suspicion of impropriety.

4. It is not the Committee's role to pass judgment on whether an appointment is appropriate or suitable in any other regard.

Appointment details

5. You sought the Committee's advice on taking up a paid, part time role as Adviser to the Minister of Finance in the Kingdom of Saudi Arabia, in his capacity as the Chair of the Finance Track of the Presidency of the G20; and exclusively on G20 matters. You have been asked to carry out this work at short notice and requested urgent advice from the Committee given the public interest in the work you would be advising on.

6. The G20 is a forum for international economic cooperation. Throughout the year, representatives from G20 countries gather to discuss financial and socio economic issues. The G20 has a rotating presidency and secretariat, ensuring that no country dominates the agenda. The Saudi G20 Presidency began on 1 December 2019 and will end on 30 November 2020. The Leaders' Summit will be held on 21 to 22 November 2020 in Riyadh. In the run-up to the Summit, the Presidency hosts numerous meetings and conferences, including ministerial meetings and those with officials and representatives from civil society.

7. The Finance Track of the G20 involves meetings of Finance Ministers, Central Bank Governors and their Deputies which focus on fiscal and monetary policy issues such as the global economy, infrastructure, financial regulation, financial inclusion, international financial architecture and international taxation.

8. You told the Committee the Minister of Finance has asked you to provide advice for the remainder of their Presidency (until the end of 2020). Specifically you said the advice would focus on the digital taxation agenda (the taxation rules for taxing digital giants); and the economic consequences of Covid-19 and post virus economic recovery.

9. You said the role would likely include engaging with senior officials across the G20 countries to understand their thinking and test reactions to the potential presidency initiatives, this would include the UK Government as a member of the G20.

10. You informed the Committee that as Chancellor, you had contact with Ministers at the Kingdom of Saudi Arabia, including the Minister of Finance. However, you confirmed these official dealings were in the context of the UK Government's relationship with the sovereign government of the Kingdom of Saudi Arabia.

11. In respect of any crossover with your time in office, you explained the digital taxation agenda was a live issue and you were involved in policy development in this area. You noted that your involvement in this role is in respect of the G20 Presidency agenda only.

12. The Permanent Secretary at the HM Treasury (HMT) and the Deputy Secretary to the Cabinet at the Cabinet Office were consulted on this application. HMT confirmed the information you provided above.

13. HMT also confirmed there is no evidence of any decisions you made, or actions you took in office that could be seen as being made in expectation of this piece of work. HMT further noted that although you were involved in digital taxation policy, you last had involvement in July 2019 (over 8 months ago) and told the Committee work on this had substantially moved on since then. It did not consider there was any conflict arising from your involvement within this in office, and you advising the G20 Presidency on this issue now.

14. In relation to the focus of this work, HMT also noted the coronavirus pandemic is a recent event, post dating your time as Chancellor and therefore noted your time in office is not relevant in this regard.

15. HMT had no issue with you having contact with the UK Government in the way you described and noted the drive to achieve a long-term solution on digital taxation via the G20 is in the UK's interest and considered this was low risk.

16. The Cabinet Office were also consulted on this application and supported you helping to make the G20 Presidency a success. The Cabinet Office added that it would also expect you, as a former Minister of the Crown, to act in the UK's national interest.

The Committee's consideration

17. The Committee¹ considered this commission to be consistent with the description of your consultancy which you described as a vehicle for development of an advisory and consultancy business, offering advice to companies and organisations in the UK and overseas.

18. In line with its remit, the Committee has considered the risk of this appointment being perceived as a reward. The Committee noted you met with members of the sovereign government of the Kingdom of Saudi Arabia as Chancellor, including the Minister of Finance. However, it gave weight to HMT's confirmation you did not make decisions or take actions in office that could give rise to the real or perceived risk of reward here. Further, this is a time limited piece of work limited to the G20 Presidency only, separate to HMT's relationship with the Kingdom of Saudi Arabia.

19. The focus for the Committee in considering this application was to consider any potential for your role to conflict with your time in office and apply appropriate mitigations under the Rules (as set out in paragraphs 2-5). The Committee considered it was significant in assessing the risk in this case that this role is limited to advising the Saudi Minister of Finance in his role as Chair of the Finance Track of the G20 Presidency, and that the UK is a member of the G20 - an organisation focussed on bringing countries together to discuss financial and socioeconomic issues at a global level, rather than an organisation with a commercial focus.

20. There is a clear crossover with your time in office with regard to digital taxation. However, HMT did not consider there was any conflict in this regard. HMT noted that policy in this area has moved on significantly since you last had involvement in HMT's work on this; and further, the G20 Presidency's approach to digital taxation is aligned with the UK's own interests.

21. The Committee carefully considered whether your proposed contact with the UK Government would be proper. The Committee gave weight to the support from HMT and the Cabinet Office on this. It concluded that contact with UK Government to discuss, on behalf of the G20 Presidency, matters aligned with government policy, such as digital taxation and the economic impact of the Covid-19 public health crisis would not be improper, subject to the restrictions which apply by virtue of the conditions attached to your consultancy. These apparently mitigate the risks associated with any such contact, in particular you must not draw on privileged information or make improper use of your contacts. These restrictions are in keeping with the role as you have described.

22. Taking into account the above, in accordance with the Government's Business Appointment Rules, the Committee advises your work **advising the Minister of Finance in Saudi Arabia in his capacity as Chair for the Finance Track of the G20** be subject to the conditions applied to your independent consultancy, with the **amendment** to the second condition in **bold** below:

- that you should not draw on (disclose or use for the benefit of yourself or the organisation to which this advice refers) any privileged information available to you from Ministerial office. In the context of this general provision, the Committee considers you should specifically avoid giving those you advise under your independent consultancy, or its subsidiaries, partners or clients, privileged insight into

¹ This application for advice was considered by Sir Alex Alan, Johnathan Baume, Susan Liautaud, The Rt Hon Lord Eric Pickles; Richard Thomas, Lord Larry Whitty, Mike Weir, John Wood, and Terence Jagger.

the Brexit related issues, insofar as it as it pertains to the negotiating position of the UK Government and other parties to the negotiations prior to the date upon which you left ministerial office, whether generally or regarding fiscal matters;

- **for two years from your last day in ministerial office, you should not become personally involved in lobbying the Government on behalf of those you advise under your independent consultancy (including parent companies, subsidiaries and partners). This would not prevent you from having contact with the UK Government to discuss the G20 on behalf of the G20 Presidency on matters aligned with government policy, such as digital taxation and the economic impact of the Covid-19 public health crisis. However, it would prevent you from making use, directly or indirectly, of your government and/or Ministerial contacts to influence policy, secure funding/business or otherwise unfairly benefit your employer (the Minister of Finance, Kingdom of Saudi Arabia);**
- for two years from your last day in ministerial office, you should not become personally involved in lobbying contacts you have developed during your time in office and in other Governments and organisations for the purpose of securing business for any company or organisation (including parent companies, subsidiaries and partners);
- for two years from your last day in ministerial office, you should not provide advice to any company or organisation on the terms of, or with regard to the subject matter of, a bid with, or contract relating directly to the work of the UK Government; and
- for two years from your last day in ministerial office, before accepting any commissions for your independent consultancy and or/before extending or otherwise changing the nature of your commissions, you should seek advice from the Committee. The Committee will decide whether each commission is consistent with the terms of the consultancy and consider any relevant factors under the Business Appointment Rules

23. By 'privileged information' we mean official information to which a Minister or Crown servant has had access as a consequence of his or her office or employment and which has not been made publicly available. Applicants are also reminded that they may be subject to other duties of confidentiality, whether under the Official Secrets Act, the Civil Service Code or otherwise.

24. The Business Appointment Rules explain that the restriction on lobbying means that the former Crown servant/Minister "*should not engage in communication with Government (Ministers, civil servants, including special advisers, and other relevant officials/public office holders) – wherever it takes place - with a view to influencing a Government decision, policy or contract award/grant in relation to their own interests or the interests of the organisation by which they are employed, or to whom they are contracted or with which they hold office.*"

25. I should be grateful if you would inform us as soon as you take up this consultancy and/ or commission, or if it is announced that you will do so, either by returning the enclosed form or by emailing the office at the above address. We shall otherwise not be able to deal with any enquiries since we do not release information about appointments that have not been taken up or announced. This could lead to a false assumption being made about whether you had complied with the Ministerial Code. Similarly, I should be grateful if you would inform us if you propose to extend or otherwise change your role with the organisation as depending on the circumstances, it might be necessary for you to seek fresh advice.

26. Once this consultancy is in operation, or has been publicly announced, we will publish this letter on the Committee's website, and where appropriate, refer to it in the relevant annual report.

The Rt Hon the Lord Pickles

The Rt Hon Philip Hammond